

## Message Text

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ACTION EA-09

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

EB-07 OMB-01 /077 W

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R 210915Z JUL 76

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 5798

INFO AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY JAKARTA

AMEMBASSY MANILA

USMISSION GENEVA

LIMITED OFFICIAL USE SINGAPORE 3493

E.O. 11652: N/A

TAGS: EGEN, PFOR, ASEAN, SN

SUBJECT: ASEAN COMMITTEE ON TRADE MEETING, SINGAPORE, JULY 6-8

1. SUMMARY. ASEAN COMMITTEE ON TRADE MET FOR FIRST TIME IN SINGAPORE ON JULY 6-8 TO DISCUSS PREFERENCES FOR INTRA-REGIONAL TRADE. COMMITTEE APPARENTLY WAS ABLE TO MAKE ONLY MODEST PROGRESS DUE TO RATHER TENTATIVE STATUS OF FIVE ASEAN INDUSTRIAL PROJECTS. HOWEVER, SOME DELINEATION OF FUTURE WORK PROGRAM WAS ACHIEVED AND A NEW "TRADE PREFERENCES WORKING GROUP" WAS ESTABLISHED. END SUMMARY.

2. THE FIRST MEETING OF THE ASEAN TRADE COMMITTEE TOOK PLACE IN SINGAPORE FROM JULY 6-8 TO PURSUE WORK INITIATED BY COMMITTEE OF INDUSTRY MEETING (APRIL 26-30 IN MANILA) AND TO DISCUSS RELATED ISSUES CONCERNING INTRA-REGIONAL TRADE LIBERALIZATION. COMMITTEE WAS ONE OF FIVE ESTABLISHED BY MARCH ASEAN ECONOMIC MINISTERS' MEETING (MANILA 4112).

3. THE DELEGATIONS TO THE MEETING WERE HEADED BY:

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NASRUDDIN BIN MUHAMMED, SECRETARY GENERAL, MINISTRY OF

TRADE AND INDUSTRY KMALAYSIA); SUHADI MANGKUSUWONDO, DIRECTOR GENERAL OF FOREIGN TRADE (INDONESIA); VICENTE VALBEBENAS, UNDERSECRETARY OF TRADE, DEPARTMENT OF TRADE (PHILIPPINES); VICHARN NIVATVOGGS, UNDERSECRETARY OF STATE FOR COMMERCE (THAILAND); AND, NGIAM TONG DOW, PERMANENT SECRETARY, MINISTRY OF FINANCE, AND CHAIRMAN, ECONOMIC DEVELOPMENT BOARD (SINGAPORE). NGIAM AND VICHAM WERE ELECTED CHAIRMAN AND VICE-CHAIRMAN OF THE MEETING, RESPECTIVELY.

4. ONE SUBJECT DISCUSSED WAS PREFERENTIAL PURCHASE AND SUPPLY OF RICE AND PETROLEUM IN TIMES OF SHORTAGE OR GLUT. IT APPEARS SOME PROGRESS WAS REALIZED IN THIS AREA, AT LEAST INSOFAR AS RICE CONCERNED, BUT DETAILS REGARDING FORMULA CONTRLLING QUANTITIES OF COMMODITY MOVING UNDER ARRANGEMENT NOT REVEALED. WE UNDERSTAND THAT THAILAND IS TO APPROACH ITS ASEAN PARTNERS SHORTLY TO ASCERTAIN THEIR RICE NEEDS OVER THE COMING MONTHS.

5. REGARDING PREFERENTIAL TREATMENT FOR ASEAN INDUSTRIAL PROJECTS, COMMITTEE DEALT IN GENERAL WAY WITH PREFERENTIAL TARIFFS, LONG TERM SUPPLY CONTRACTS AND GOVERNMENT PROCUREMENT. SINCE FEASIBILITY STUDIES BEING UNDERTAKEN BY INDUSTRY COMMITTEE WILL DETERMINE MAGNITUDE OF PREFERENCES REQUIRED TO MAKE INDIVIDUAL PROJECTS VIABLE, TRADE COMMITTEE WAS UNABLE TO BEGIN WITH DETERMINATION OF ACTUAL PREFERENCES TO BE EXCHANGED. HOWEVER, IN EXPECTATION THAT THIS WOULD BE MAJOR FUNCTION OF GROUP AT SUBSEQUENT MEETING, A "TRADE PREFERENCES WORKING GROUP" WAS ESTABLISHED (TO BE SUPPORTED BY AN INTERIM SECRETARIAT, HEADED BY NGIAM, LOCATED IN SINGAPORE) FOR PURPOSE OF HAMMERING OUT DETAILS WHEN THIS BECOMES POSSIBLE. ANTICIPATING NEED TO SQUARE FUTURE ACTIONS IN TRADE FIELD WITH OBLIGATIONS UNDER THE GATT, IT WAS AGREED THAT NATIONAL DELEGATIONS, ESPECIALLY THAT OF GOS, IN GENEVA WOULD BE EMPOWERED TO DEAL WITH GATT SECRETARIAT ON SUCH QUESTION.S.

6. COMMENT: THE TRADE COMMITTEE MEETING WAS ORIGINALLY SET FOR MAY; SLIPPAGE TO JULY IS INDICATION OF PROBLEMS CONFRONTING ASEAN MOVES TOWARD ECONOMIC COOPERATION. CLEARLY WORK OF TRADE COMMITTEE DEPENDS ON PROGRESS ACHIEVED BY INDUSTRY COMMITTEE, SPECIFICALLY COMPLETION AND EVALUATION OF FEASIBILITY STUDIES ON ASEAN INDUSTRIAL PROJECTS. ALTHOUGH GOS MFA SOURCE ON JULY LIMITED OFFICIAL USE

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16 SAID THAT "CONTCRETE PROGRESS" HAD BEEN ACHIEVED AT JUST CONCLUDED MEETING, HE CONCLUDED THAT ECONOMIC MINISTERS WOULD NOT MEET AGAIN UNTIL 1977 SINCE BOTH INDUSTRY AND TRADE COMMITTEES HAVE TO MEET AT LEAST ONE MORE TIME IN ORDER TO ADVANCE THEIR WORK TO POINT WHERE MINISTERS WOULD HAVE SOMETHING TO ACT ON.

7 NGIAM WAS SLIGHTLY MORE UPBEAT. HE TOLD EMBOFF ON JULY 17 THAT HE WAS SATISFIED WITH MEETING AND THAT HE STILL EXPECTED

ECONOMIC MINISTERS TO MEET THIS YEAR. HOWEVER, EMBOFF GAINED IMPRESSION THAT GOS PERCEIVED DIFFICULTIES IN ADVANCING REAL PROGRESS ON ASEAN ECONOMIC FRONT. WHILE SINGAPORE OFFICIAL ARE STILL EXPRESSING SATISFACTION, THEY SEEM MORE SUBDUED IN SO DOING THAN PREVIOUSLY. WE BELIEVE THAT LATTER CONDITION DERIVES NOT ONLY FROM SLOW AND MODEST TO BUT BUT ALSO FROM REALIZATION THAT AS TALKS MOVE FURTHER AWAY FROM GENERALITIES AND PRINCIPLES TO SPECIFICS, AND IMPACT ON ECONOMIC GROWTH AND EMPLOYMENT, MEANINGFUL PROGRESS MAY BECOME EVEN MORE DIFFICULT TO ACHIEVE.  
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